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JUN 25 1998

Federal Communications Commission
Office of Secretary

BY HAND DELIVERY

Magalie Roman Salas, Esq.
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, DC 20554

Re: Ex Parte Presentation in CC Docket No. 96-45

Dear Secretary Salas:

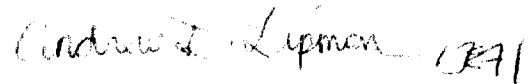
Transmitted herewith on behalf of Century Telephone Enterprises, Inc., ("CenturyTel") and pursuant to Section 1.1206(a) of the Commission's Rules, 47 C.F.R. § 1.1206(a) (1997), this is to provide an original and one copy of a notice of *ex parte* presentations made yesterday morning in the above-referenced rulemaking proceeding. Tamar Finn and I attended on behalf of CenturyTel, as did John Jones, CenturyTel's director of government affairs, and Carrick Inabnett. We met with Commissioner Powell and Jane Mago, Senior Advisor to Commission Powell, and Paul Gallant, Senior Legal Advisor to Commissioner Tristani.

The purpose of the meetings was to introduce CenturyTel to the Commission, and to emphasize the need for a continuing commitment to rural telephony. Attached are handouts describing the issues presented.

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Should any further information be required with respect to this *ex parte* notice, please contact the undersigned. I would appreciate it if you would please date-stamp the enclosed extra copy of this filing and return it with the messenger to acknowledge receipt by the Commission.

Very truly yours,



Andrew D. Lipman

Enclosures

cc: Commissioner Powell
Jane Mago
Paul Gallant
John Jones
International Transcription Services, Inc.

Century Telephone Enterprises, Inc.

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CenturyTel At a Glance...

CenturyTel specializes in rural telephony and provides local exchange, wireless, long distance, Internet access and an expanding array of new services to rural markets in 21 states.

The 1997 purchase of Pacific Telecom, Inc. (PTI) elevated **CenturyTel** to the 10th largest local exchange company and 10th largest cellular company in the United States.

CenturyTel seeks to become the leading provider of integrated telecommunications services to rural areas and smaller cities in America. We believe communications services, just like roads, jobs and education, create an environment for economic growth. **CenturyTel's** high quality services provide the foundation for businesses, educational systems, healthcare facilities, governmental entities and residential consumers to gain connectivity to the global information superhighway and participate in the global economy.

CenturyTel is loyal to its customers. We offer what few companies do...a willingness to serve rural markets; we enjoy their goodwill in our small communities and we provide them the best and latest services at an affordable price.

All of **CenturyTel's** companies, serving 1.2 million access lines, are Rural Telephone Companies as defined by the Act and are governed by rate-of-return regulation.

CenturyTel has a long and successful history of properly using universal service support to help provide quality telecommunications and information services at affordable rates to small town and rural customers throughout Alaska, the Pacific Northwest, the deep South and the Midwest. **CenturyTel** has expanded these services aggressively into otherwise un-served or under-served remote areas of the country. Rough terrain and low population densities make the maintenance and extension of access lines extremely costly.

Of 600 exchanges operated by **CenturyTel**, only 11 serve more than 10,000 access lines. More than half (300) of these exchanges serve less than 1,000 access lines.

CenturyTel exchanges are first class telecommunications operations and represent significant investment in 21 states. Access charges and universal service funding are the two primary interstate sources of recovery of that investment, allowing **CenturyTel** to provide high quality, affordable services to its customers.



CenturyTel on Universal Service...

- *The 1996 Act's goal of providing high quality, affordable telecommunications and advanced services to all Americans can and should be realized through a combination of federal and state universal service programs. CenturyTel supports and looks forward to working with the Joint Board's Rural Task Force to meet these goals.*
- **Sufficient and predictable universal service is essential for rural companies to continue providing high quality, affordable telecommunications and advanced services to rural customers.**
- **CenturyTel** supports the Commission's reconsideration of forcing states to fund 75 percent of high cost support. In the rural states of Alaska, Montana, Colorado, Wyoming, Idaho and New Mexico which **CenturyTel** serves, this burden would ultimately be borne by consumers in the form of higher rates. The new funding system must be carefully designed to meet Congress' goal of keeping telephone rates affordable.
- Economic growth and development is critical to rural America. Because regulatory uncertainty about universal service in high cost areas makes it difficult to attract new investment and businesses, an explicit commitment to sustaining rural support furthers the public interest.
- Although the Schools and Libraries Program should be kept intact, **CenturyTel** believes the Commission should address and resolve high cost issues first.
- **CenturyTel** encourages the Commission to adhere to and support the following principles for advancing and preserving universal service in America:
 - *Rural customers should have access to basic and advanced telecommunications and information services that are reasonably comparable to those services provided in urban areas, and at reasonably comparable rates.*
 - *Forward-looking costs based upon some yet-to-be specified proxy model are not appropriate to provide rural companies and their customers "sufficient and predictable" universal service support.*
 - *Rural telephone companies, rural markets and rural consumers have sufficiently different characteristics from other companies and urban and metropolitan markets to warrant different regulatory treatment. These differences include a higher reliance on federal and state access charge revenues to keep rates affordable, smaller local calling areas that often require toll calls to reach medical and social services, lower customer densities, and higher operating costs that must be spread over a smaller, primarily residential customer base.*